



# U.S.-AFRICAN TRADE PROFILE

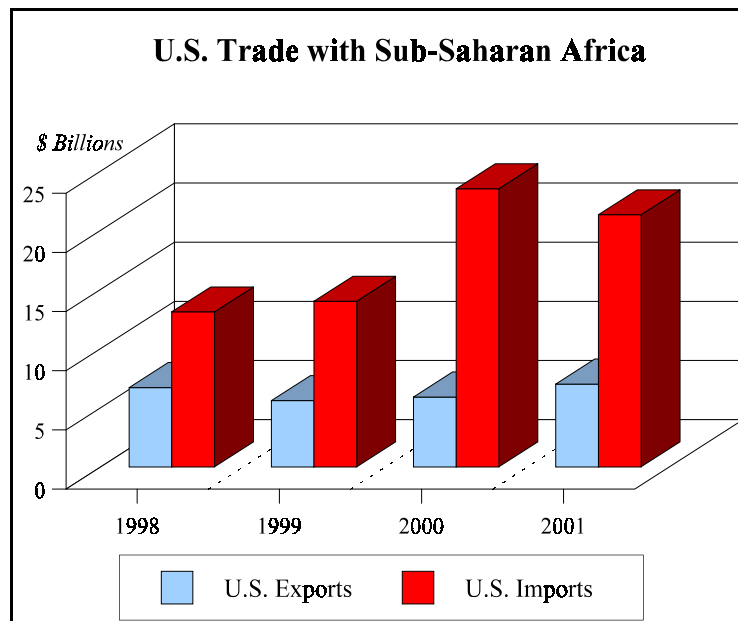
## *U.S. Trade with Sub-Saharan Africa (\$ Millions)*

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<i>U.S. Exports</i>	<i>6,694.0</i>	<i>5,568.5</i>	<i>5,925.8</i>	<i>6,963.0</i>
<i>U.S. Imports</i>	<i>13,139.6</i>	<i>14,042.9</i>	<i>23,480.4</i>	<i>21,291.5</i>

Two-way trade between the United States and Sub-Saharan Africa declined slightly in 2001 as plummeting crude oil prices held down U.S. imports, offsetting strong growth in U.S. exports. Total trade was **\$28.3 billion**, down **3.9%** from the 2000 level when skyrocketing oil prices boosted total trade by **50%**, to **\$29.4 billion**.

- **U.S. Exports:** U.S. exports to Sub-Saharan Africa grew **17.5%** in 2001 to nearly **\$7 billion**, eclipsing the previous high reached in 1998. The surge was led by aircraft, oil and gas field equipment, and motor vehicles and parts. Aircraft sales doubled on the strength of shipments to South Africa, Kenya, and Seychelles. Oil field drilling equipment performed well in Nigeria, Angola, Gabon, and Cameroon. South Africa and Namibia were strong markets for U.S. automotive products.
- **U.S. Imports:** U.S. imports from Sub-Saharan Africa were **\$21.3 billion**, down **9.3%** from 2000. The decline was caused by falling crude oil prices, but purchases of diamonds, platinum, and motor vehicles from South Africa prevented a sharper plunge in imports.
- **AGOA Trade:** The United States imported **\$7.6 billion** of duty-free goods under the provisions of the African Growth and Opportunity Act (AGOA) in 2001. Overall, U.S. exports to the 35 AGOA-eligible countries were up **19%**, while imports were off **10%**. However, if crude oil and precious metals and stones are excluded, imports from AGOA countries increased **10.7%**. Trade in automotive products grew rapidly in both directions, and U.S. apparel imports surged **28%**.

The U.S. merchandise trade deficit with Sub-Saharan Africa narrowed in 2001 to **\$14.3 billion**, from **\$17.6 billion** in 2000. The cumulative imbalance over the last five years is more than **\$57 billion** in Africa's favor, but the associated transfer of financial resources benefits only a handful of African countries which supply substantial amounts of crude oil or strategic minerals to the United States.



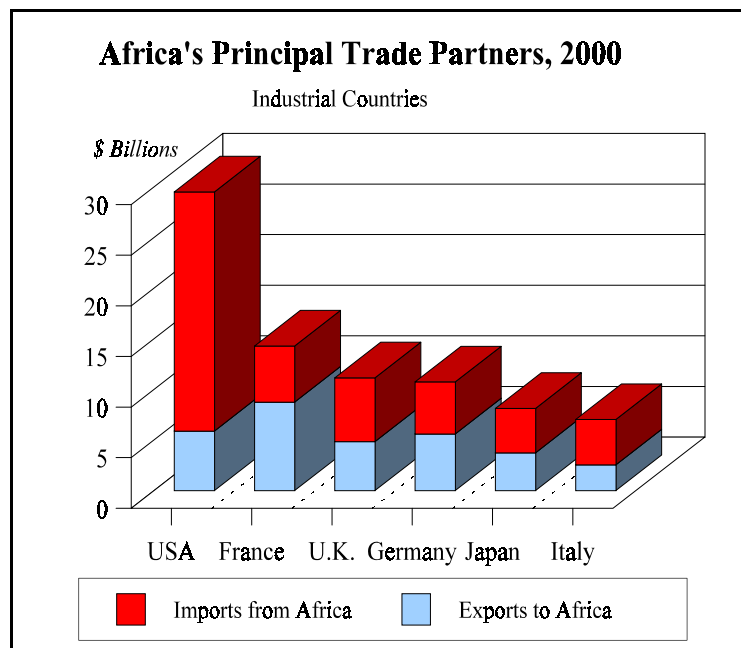
Source: U.S. Census data

- Nigeria, Angola, Gabon, and South Africa accounted for **96%** of the U.S. trade deficit with Sub-Saharan Africa in 2001, up from **94%** in 2000. The first three were major oil suppliers, while South Africa provided diamonds and platinum group metals.
- Trade between the United States and Sub-Saharan Africa is highly concentrated, with a small number of African countries accounting for an overwhelming share of the total for both imports and exports.

***Africa's Global Trade.*** Sub-Saharan Africa's *total merchandise imports* climbed **9.8%** in 2000 (the latest year available), to **\$86.5 billion**, as demand in Nigeria and South Africa rebounded after lagging in 1999.

- Nigeria's imports topped **\$8.8 billion**, a **16%** increase from a year earlier. Import growth had been flat in 1999.
- South African imports grew more modestly at **6%**, to **\$24.8 billion**, following a **12%** contraction in 1999.

Sub-Saharan Africa's *total merchandise exports* grew even faster to **\$86.7 billion**, a gain of **18.2%**, propelled by high prices for crude oil, as well as diamonds and platinum group metals from South Africa. 2000 marked the first year since 1997 that the region ran a merchandise trade surplus with the world, albeit a narrow one of **\$200 million**.



Sub-Saharan Africa's **18.2%** gain in exports was above the **12.3%** increase in 2000 total world exports, but slightly below the **18.6%** registered by developing countries. Despite its relatively strong performance, Sub-Saharan Africa accounted for less than **1.5%** of world trade in 2000. Africa's share of world trade has declined steadily over time, increasing its marginalization from the global economy and excluding the region from growing world prosperity. Over the last decade, Sub-Saharan Africa's trade has grown **38%**, while world trade has expanded **85%**. In the same period, Africa's combined GDP grew less than **9%**, compared to a global figure of more than **43%**.

***Shares of Africa's Import and Export Markets.*** Sub-Saharan Africa accounts for less than **1%** of U.S. merchandise exports, and less than **2%** of U.S. merchandise imports. Proportions are only slightly higher for the EU. Based on partial year data, Sub-Saharan Africa represented **3.5%** of total EU exports and **4.3%** of total imports. However, the United States is Africa's largest single market, purchasing **27%** of the region's exports in 2000. The United Kingdom was a distant second at **7.2%**, and France third at **6.3%**. The EU absorbed **37.2%** of Sub-Saharan Africa's exports, down from **42.5%** in 1999.

- Most industrial countries experienced declining shares of Africa's import market in 2000 as Asian exporters recovered market share lost in the aftermath of the financial crisis of the late 1990's, and as trade expanded between South Africa and its Sub-Saharan neighbors.
- The U.S. share of the Sub-Saharan African market declined in 2000 to **6.8%** from **7.2%** in 1999, despite a small increase in exports to the region.

- The EU market share fell to **35.2%** from **38.1%**, although its exports also climbed slightly. France was an exception to the downward trend among developed country suppliers with a marginal gain in market share, driven by an **11.3%** increase in exports to Sub-Saharan Africa.
- South Africa's exports to Sub-Saharan African countries grew nearly **9%** in 2000, boosted by sales of refined oil products and trucks to neighboring countries of Southern Africa. South African exports registered a further **5%** growth in 2001 in U.S. dollar terms, based on eleven months of data.

***Sub-Saharan Africa's Principal Industrial Country Trading Partners  
(\$ Billions and Market Share)***

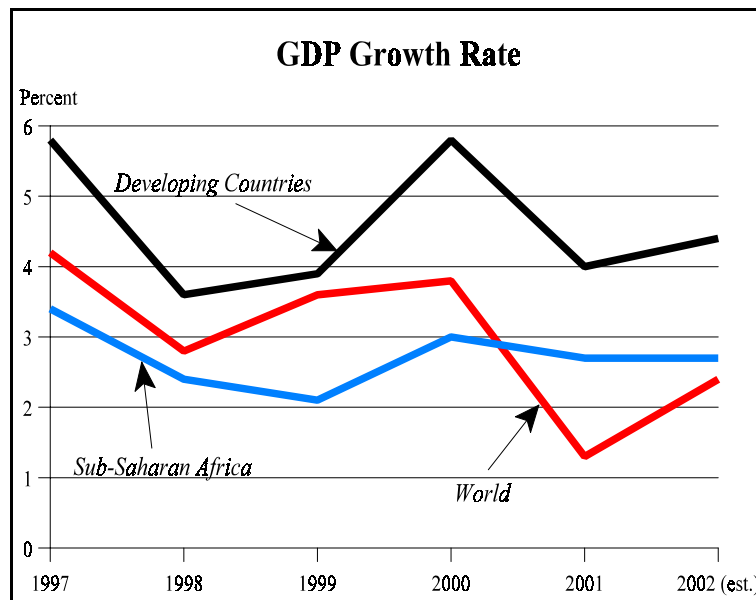
	<u>1999</u>	<u>% Share</u>	<u>2000</u>	<u>% Share</u>
<b><i><u>Sub-Saharan Africa's Imports</u></i></b>				
<i>France</i>	7.9	10.0	8.7	10.1
<i>United States</i>	5.7	7.2	5.9	6.8
<i>Germany</i>	5.9	7.4	5.6	6.5
<i>United Kingdom</i>	4.9	6.2	4.8	5.6
<i>Japan</i>	3.8	4.8	3.7	4.3
<i>Italy</i>	2.5	3.2	2.8	3.2
<i>Total EU</i>	30.0	38.1	30.5	35.2
<b><i><u>Sub-Saharan Africa's Exports</u></i></b>				
<i>United States</i>	14.8	20.2	23.6	27.0
<i>United Kingdom</i>	5.3	7.2	6.3	7.2
<i>France</i>	5.2	7.2	5.5	6.3
<i>Germany</i>	4.6	6.3	5.1	5.9
<i>Italy</i>	4.4	6.0	4.5	5.1
<i>Japan</i>	3.5	4.8	4.4	5.0
<i>Total EU</i>	31.2	42.5	32.6	37.2

*Source: Derived from IMF Directions of Trade Yearbook, 2001*

### **Africa's Economic Growth**

Sub-Saharan Africa's economic growth suffered in 2001 from the global economic slowdown, but Africa's downturn was less pronounced than that recorded worldwide or in developing countries as a group. Africa experienced **2.7%** growth in 2001, according to World Bank estimates, down from **3.0%** in 2000. In comparison, global growth fell sharply to **1.3%** from **3.8%**, and developing countries plunged to **4.0%** from **5.8%**, according to IMF statistics. 2001 marked the first year in the last five that Sub-Saharan Africa recorded faster growth than the world generally, although the region continued to lag behind the pace of developing countries.

Sluggish global economic performance lowered growth prospects in Sub-Saharan Africa even before the terrorist attacks of September 11, as Africa faced lower commodity prices, reduced investment flows, and lower tourism revenues. These effects were more pronounced after September 11, which caused the IMF and World Bank to revise their growth forecasts downward. The projections allow for a gradual recovery beginning in the second half of 2002, with output expansion of **2.4%** for the world, **4.4%** in developing countries, and **2.7%** in Sub-Saharan Africa for the full year 2002. However, the outlook is highly uncertain with a significant possibility for a longer slump.



Source: IMF and World Bank data

Improved performance in Africa's two largest economies--South Africa and Nigeria--boosted Sub-Saharan Africa's growth in 2000 and 2001, reversing the trend of several years in which the two giants dragged the region's performance downward. However, the outlook for 2002 is more clouded in both countries.

- Spurred by high crude oil prices, Nigeria enjoyed **3.8%** growth in 2000 compared with **1.1%** in 1999. The IMF estimates that the Nigerian economy expanded by **4.2%** in 2001, as the country made modest progress in privatizing state-owned companies, liberalizing the investment climate, and rehabilitating infrastructure.
- Falling oil prices make the outlook for 2002 more difficult. In addition, Nigeria lost momentum on economic reform, failing to meet IMF targets and complete debt rescheduling agreements. The Fund projects only **1.8%** growth this year.

- South Africa benefitted in 2000 from an upsurge of demand for platinum group metals used in autos, jewelry, liquid crystal displays, and computer disk drives. South Africa's economy grew at a **3.4%** pace, compared to **2.1%** in 1999, according to revised estimates from the South African Reserve Bank. Growth slowed to **2.2%** in 2001 as platinum prices declined, and the IMF projects a **2.3%** rate for 2002.
- The plunging value of the rand on foreign exchange markets has endangered South Africa's progress in curbing inflation. The rand lost more than half its value against the dollar during 2001, a result of speculation, flagging foreign investment flows, higher premiums on emerging market debt, and concerns about the future of neighboring Zimbabwe. Weak demand in South Africa's major markets has kept the country's exports from surging as the rand declines.

***Impediments to Growth.*** Africa's vulnerability to swings in commodity prices has long been a drag on growth, demonstrating the need for reforms to promote economic diversification in the region.

- Crude oil prices at year-end 2001 were under **\$20** per barrel, more than **\$12** below their high point for the year, and **\$9** below the post-September 11 spike. Lower oil prices benefit the majority of African countries, reversing the deterioration of their terms of trade caused by persistent weakness in non-fuel commodity prices and sharply higher oil import bills. However, a handful of countries which depend heavily on oil export revenues may be severely constrained.
- Most other commodity prices on which African countries depend remain depressed, including those for coffee, tea, and minerals. Gold prices closed 2001 about **2%** higher than they started the year, but nearly **5%** below the high point reached shortly after September 11. Copper prices fell nearly **23%** for the year, and platinum was down **19%**.

Macroeconomic reforms have spurred growth in a number of countries despite commodity price pressures. Benin, Botswana, Cape Verde, Mauritius, Senegal, and Uganda each experienced growth of **5%** or more in 2000. Growth in Mozambique was depressed by disastrous floods, but rebounded in 2001 to **9.6%**. Burkina Faso, Madagascar, Mali, and Tanzania enjoyed steady if less spectacular expansion. Progressive policies have allowed these countries to benefit from export-led growth, while others have stagnated.

Armed conflict, political instability, drought, and foreign debt continue to threaten Africa's economic recovery.

- According to the World Bank, Sub-Saharan Africa's total debt stock was more than **\$206 billion** at year-end 2000, **two-thirds** of the region's aggregate GNP. The debt-to-GNP ratio showed improvement from 1999, yet Sub-Saharan Africa remains severely constrained by foreign debt. In comparison, Latin America and the Caribbean region had a debt-to-GNP ratio of **38.5%**, the Middle East and North Africa **31.2%**, and South Asia **26.5%**. For all developing countries debt was **37.4%** of GNP.

- By December 2001, the World Bank and the IMF had extended debt service relief of more than **\$27 billion** to 20 countries in Sub-Saharan Africa<sup>1</sup>, among 24 countries worldwide receiving relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative. As these countries qualify for full assistance under the Initiative, their foreign debt will be reduced by nearly half on average. Combined with Paris Club and other debt relief programs, debt should decline by two-thirds.

The HIV/AIDS pandemic poses another enormous growth challenge.

- More than **70%** of the world's HIV positive population live in Sub-Saharan Africa. In several Southern African countries more than **20%** of the adult population and **30%** of pregnant women are HIV positive.
- HIV/AIDS has lowered average life expectancy in Sub-Saharan Africa by **15 years**, from 62 to 47. This has a huge impact on human capital, labor turnover, and productivity. Some studies estimate that in half the countries of Sub-Saharan Africa, per capita GDP growth is falling by **0.5%-1.2%** as a direct result of AIDS. Over the next decade per capita GDP in the worst affected countries may fall by **8%**.

### **U.S. Merchandise Exports in 2001**

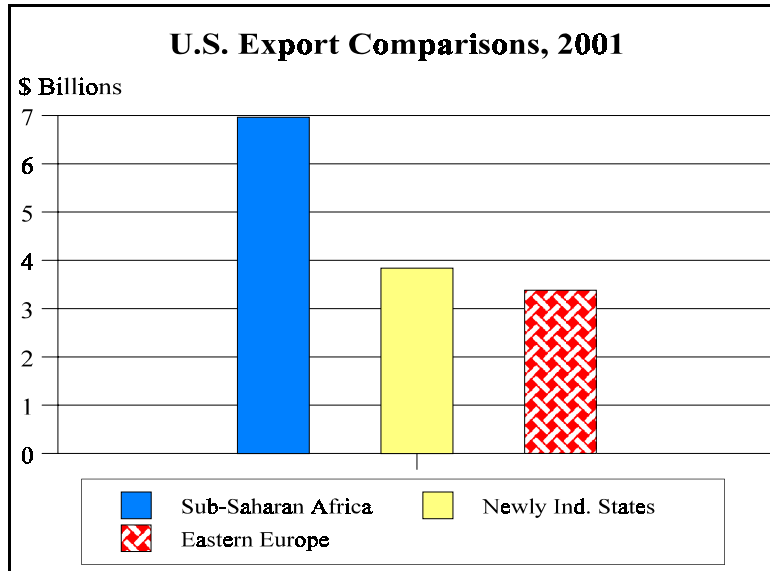
U.S. merchandise exports to Sub-Saharan Africa were nearly **\$7 billion** in 2001, a **17.5%** increase from the 2000 total. The expansion was led by sales of aircraft to South Africa, Kenya, Cameroon, and Seychelles; oil and gas field equipment to Nigeria and Angola; construction and telecommunications equipment to various countries; and automotive equipment to South Africa and Namibia. Exports had grown **6.4%** in 2000.

- Sales of aircraft and oil field equipment tend to be volatile, suggesting that surging export growth may be non-sustainable over the long term.
- Export growth peaked in the second quarter, then declined during the third and fourth quarters. This could indicate a slowing in 2002.

The **17.5%** increase in 2001 shipments to Sub-Saharan Africa contrasted with a fall of **6.3%** in U.S. exports worldwide, and bettered the performance in virtually every other sub-region. U.S. sales to Central and South America were down by **1.5%**, and by **10.5%** in East Asia. U.S. exports grew a modest **2.7%** in the Middle East/North Africa, **5.9%** in Eastern Europe, and **15.4%** in the Newly Independent States of the former Soviet Union.

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<sup>1</sup> The following African countries are receiving debt relief under the Enhanced HIPC Initiative: Benin; Burkina Faso; Cameroon; Chad; Ethiopia; The Gambia; Guinea; Guinea-Bissau; Madagascar; Malawi; Mali; Mauritania; Mozambique; Niger; Rwanda; Sao Tomé and Príncipe; Senegal; Tanzania; Uganda; and Zambia.



Source: U.S. Census data

U.S. exports to Sub-Saharan Africa were **81%** greater than those to the former Soviet republics, and more than **twice** those to Eastern Europe. U.S. exports to South Africa alone were larger than our sales to Russia, whose population is more than **3.5** times as large.

**Export Concentration.** U.S. exports to Sub-Saharan Africa remain highly concentrated among a small number of countries, although slightly less so than in 2000. The top four markets--South Africa, Nigeria, Kenya, and Angola--accounted for **69%** of U.S. sales in 2001, with South Africa accounting for **43%**, Nigeria for **14%**, Kenya for **8.3%**, and Angola for **4%**. In 2000, the top four markets represented **72%** of total exports.

***Leading U.S. Export Markets in Sub-Saharan Africa***

<u>Country</u>	<u>2001 Export Value</u> <u>(\$ Millions)</u>
<i>South Africa</i>	<i>2,961.8</i>
<i>Nigeria</i>	<i>957.2</i>
<i>Kenya</i>	<i>577.4</i>
<i>Angola</i>	<i>276.0</i>
<i>Namibia</i>	<i>255.6</i>
<i>Ghana</i>	<i>199.8</i>
<i>Cameroon</i>	<i>184.2</i>
<i>Seychelles</i>	<i>176.2</i>



EU exports to Africa are also highly concentrated among a small number of countries, although less so than those of the United States. Based on partial-year data, six countries--South Africa, Nigeria, Liberia, Cote d'Ivoire, Angola, and Gabon--accounted for **65%** of EU exports to Sub-Saharan Africa in 2001.

U.S. *manufactured exports* were **\$6.1 billion**, or **87%** of sales, *non-manufactures* **\$908.7 million**, or **13%**. In 2000, manufactures were **83%** of exports and non-manufactures **17%**. Non-manufactures include agricultural and non-agricultural commodities, fats and oils, crude materials, and mineral fuels.

- Manufactured exports were concentrated among a small number of countries in 2001, although slightly less so than in 2000. South Africa, Nigeria, Kenya, and Angola accounted for **70%** of U.S. shipments. A year earlier these four countries were **76%** of manufactures sales.
- Non-manufactured exports were also highly concentrated. In 2001, Nigeria, South Africa, Ghana, and Angola were **62%** of sales. In 2000, Africa, Nigeria, Angola, and Ethiopia totaled **61%** of the market.

*Agricultural exports* accounted for **\$651.5 billion**, or **9%** of total shipments, *non-agricultural* items for **\$6.3 billion**, or **91%**. In 2000, agricultural exports were **12%** of total shipments, non-agricultural items **88%**.

- Nigeria (**\$243.1 million**), South Africa (**\$100.5 million**), and Ghana (**\$40.7 million**) were the top three markets for U.S. agricultural products in 2001, accounting for **59%** of total farm shipments. Wheat sales to Nigeria jumped by **a third** from 2000.
- For non-agricultural items, South Africa (**\$2.9 billion**), Nigeria (**\$714 million**), and Kenya (**\$558 million**) accounted for **65%** of U.S. sales. Aircraft dominated shipments to South Africa and Kenya, while oil and gas field equipment was dominant in Nigeria. Non-agricultural exports include manufactures, semi-manufactures, and non-farm raw materials.

**Leading U.S. Exports.** U.S. exports contribute significantly to building and modernizing infrastructure in Sub-Saharan Africa. The principal U.S. exports included the following product categories: *aircraft and parts; oil and gas field equipment; construction and agricultural machinery; motor vehicles and parts; industrial chemicals; computer equipment and software; and telecommunications equipment.*

*Leading U.S. Exports to Sub-Saharan Africa*

<u>Item</u>	<u>2001 Export Value (\$ Millions)</u>
<i>Aircraft and parts</i>	<i>1,466.9</i>
<i>Oil and gas field equipment</i>	<i>1,293.4</i>
<i>Motor vehicles and parts</i>	<i>508.5</i>
<i>Wheat</i>	<i>293.0</i>
<i>Construction machinery and parts</i>	<i>243.8</i>
<i>Industrial chemicals</i>	<i>234.5</i>
<i>Computers, peripherals, and software</i>	<i>181.7</i>
<i>Telecommunications equipment</i>	<i>158.3</i>
<i>Used clothing and textiles</i>	<i>61.7</i>
<i>Agricultural equipment</i>	<i>60.6</i>

*U.S. Merchandise Imports in 2001*

U.S. imports from Sub-Saharan Africa declined **9.3%** in 2001, to **\$21.3 billion**, due to falling petroleum prices. Crude oil so dominates U.S. imports from the region that oil price fluctuations overwhelm all other factors in the import account. Even with prices in steady decline, crude oil accounted for **\$13.7 billion**, or **64%** of U.S. purchases. In 2000 with prices at or near peak levels, crude oil accounted for **\$16.3 billion**, or **69%** of U.S. imports from the region.

- U.S. crude oil imports from Sub-Saharan Africa fell **16%** in value terms, and nearly **50%** in barrel volume from 2000 levels. In contrast, crude oil imports from Sub-Saharan Africa **doubled** in value and grew **15%** by volume in 2000.
- Sub-Saharan Africa supplied **18%** of U.S. crude oil imports by value in 2001, virtually unchanged from 2000. In comparison, Persian Gulf suppliers provided **27%** of U.S. imports, a slight increase from a year earlier.
- Nigeria, the number five U.S. supplier, provided **\$8.1 billion** of crude oil to the United States, **11%** of total imports. Angola was the seventh leading supplier, at **\$3 billion**. Gabon (**\$1.6 billion**), Congo-Brazzaville (**\$379 million**), Equatorial Guinea (**\$378 million**), and Congo-Kinshasa (**\$114 million**), also ranked among the United States' top 30 suppliers.

The second leading U.S. import, platinum group metals, constituted only **7%** of purchases. This category also includes iridium, palladium, and rhodium, among others. Apparel surged ahead of diamonds into the number three position, with **4.5%** of imports. Diamonds were **2.5%** of U.S. imports.

*Leading U.S. Imports from Sub-Saharan Africa*

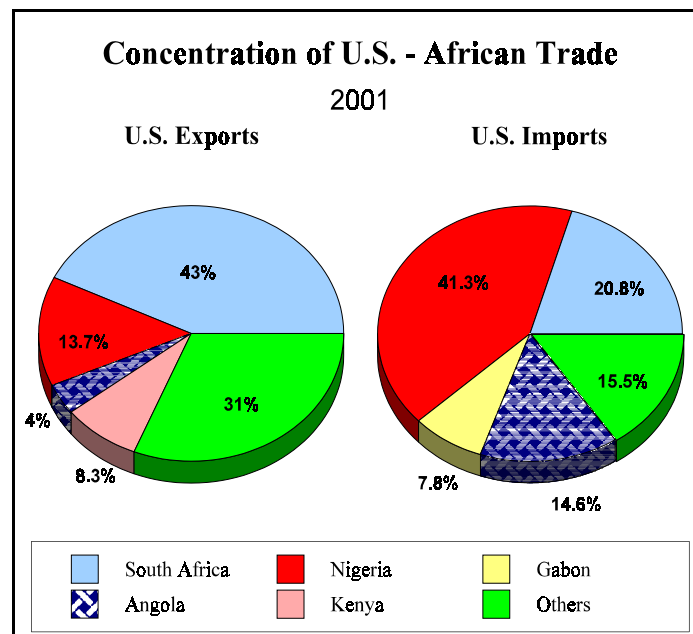
<u>Item</u>	<u>2001 Import Value (\$ Millions)</u>
<i>Crude oil</i>	<i>13,703.9</i>
<i>Platinum group metals</i>	<i>1,534.4</i>
<i>Woven or knit apparel</i>	<i>949.6</i>
<i>Diamonds</i>	<i>523.1</i>
<i>Motor vehicles and parts</i>	<i>359.4</i>
<i>Iron and steel</i>	<i>304.4</i>
<i>Cocoa beans and preparations</i>	<i>276.1</i>

**Import Concentration.** U.S. imports from Africa remained highly concentrated among a small number of suppliers, even more so than U.S. exports. Four countries--Nigeria, South Africa, Angola, and Gabon--accounted for more than **84%** of U.S. purchases. Three were major crude oil suppliers, while South Africa supplied platinum, diamonds, and motor vehicles.

*Principal Sub-Saharan African Suppliers to the United States*

<u>Country</u>	<u>2001 Import Value (\$ Millions)</u>
<i>Nigeria</i>	<i>8,786.3</i>
<i>South Africa</i>	<i>4,428.3</i>
<i>Angola</i>	<i>3,099.6</i>
<i>Gabon</i>	<i>1,655.2</i>

EU imports from Sub-Saharan Africa were also highly concentrated, although more diversified than those of the United States. The six leading suppliers--South Africa, Nigeria, Cote d'Ivoire, Cameroon, Angola, and Botswana--accounted for more than **68%** of EU imports from the region. By product group, crude oil constituted over **18%** of the total, diamonds **15%**, and gold **5%**.



Source: U.S. Census data

**Generalized System of Preferences.** Duty-free importation of goods from Sub-Saharan Africa under the *U.S. Generalized System of Preferences (GSP)* increased **45%** in 2001, to nearly **\$3.6 billion**, as a large gain by Angola offset declines by South Africa, Congo-Kinshasa, and Zimbabwe.

- Angola's use of GSP benefits spiked upward **91%** to **\$2.6 billion**, making Angola the leading GSP beneficiary in the world. Angola benefits from a provision which makes petroleum products exported from least developed beneficiary countries GSP-eligible. This provision also placed Equatorial Guinea and Congo-Kinshasa among the top 18 GSP beneficiaries. Zimbabwe ranked number 31 among 120 countries which utilized benefits in 2001.
- These four African countries are not included in the African Growth and Opportunity Act (AGOA). Therefore, their GSP benefits lapsed along with those of all non-AGOA beneficiaries when GSP legal authority expired on September 30, 2001. GSP continues for AGOA countries until September 30, 2008. When Congress re-authorizes GSP for other countries, imports from these and all non-AGOA beneficiaries will likely qualify for retroactive duty rebates, further boosting their 2001 GSP utilization.
- South Africa was the world's eighth leading GSP beneficiary, despite a **13%** drop in utilization to **\$506 billion**. Angola and South Africa together accounted for more than **88%** of total GSP benefits in the Sub-Saharan Africa region.
- Leading GSP items from Africa in 2001 were: crude oil, partially refined petroleum products, ferro-alloys, jewelry, and cane sugar.

*Leading Sub-Saharan African GSP Beneficiary Countries*

<u>Country</u>	<u>2001 GSP Benefits (\$ Millions)</u>
<i>Angola*</i>	<i>2,635.5</i>
<i>South Africa</i>	<i>505.9</i>
<i>Equatorial Guinea*</i>	<i>137.5</i>
<i>Congo-Kinshasa*</i>	<i>124.4</i>
<i>Zimbabwe*</i>	<i>44.0</i>
<i>Malawi</i>	<i>33.2</i>
<i>Mauritius</i>	<i>18.0</i>
<i>Cote d'Ivoire*</i>	<i>13.3</i>

*\*GSP benefits lapsed September 30, 2001 for non-AGOA beneficiaries*

*Trade with AGOA Countries*

The United States imported **\$7.6 billion** duty-free under AGOA provisions in 2001, including items qualified under AGOA GSP and the Act's textile and apparel provisions. (This total excludes non-dutiable imports and those exempted from duty by regular or enhanced GSP.) **\$6.8 billion**, or **90%** of the total, were petroleum products. Apparel accounted for **\$356 million**, and transportation equipment **\$241.2 million**. Among the principal beneficiaries, Nigeria received **\$5.7 billion** of benefits, Gabon **\$938.7 million**, and South Africa **\$417.3 million**. These three countries accounted for **93%** of AGOA duty-free benefits.

Total imports from the 35 AGOA-eligible countries, including all items, were **\$17.1 billion**, a decline of **10%** from 2000 due to the predominance of crude oil. Excluding oil, precious stones, and metals, AGOA countries saw a **10.7%** increase in sales to the United States, led by a **28%** surge in apparel from Lesotho, Madagascar, South Africa, and Kenya in particular. South Africa benefitted from a **ten-fold** increase in shipments of passenger cars, to **\$256 million**, as a European manufacturer shifted production lines of its U.S.-bound cars to its South African affiliate in order to take advantage of AGOA tariff concessions. AGOA also helped boost South African shipments of citrus fruit to the United States to **\$20.2 million**, from **\$8.3 million** in 2000.

Overall U.S. trade with the 35 AGOA-eligible countries in 2001 closely paralleled the trend for Sub-Saharan Africa as a whole. Total trade declined **3.6%** due to moderating oil prices, although U.S. exports to the AGOA countries surged **19.1%**. The pattern of products and markets closely followed that of overall exports to Sub-Saharan Africa and does not reveal a clear trend attributable to AGOA, with the exception of the automotive sector where U.S. products spurred exports from South Africa and Namibia. Exports of U.S. passenger vehicles to South Africa spiked upward nearly **240%** to **\$135.9 million**, while sales of motor vehicle parts fell **25%**. Shipments of automotive parts to Namibia more than tripled to **\$174.1 million**.

### **U.S. Direct Investment in Africa**

Sub-Saharan Africa continues to trail other developing regions in attracting foreign direct investment (FDI). The region accounted for less than **1%** of worldwide FDI inflows in 2000, and just **3%** of inflows to developing countries. According to the United Nations *World Investment Report of 2001*, FDI inflows to the region totaled **\$6.9 billion** in 2000, down from **\$8.3 billion** in 1999. The overall decline was caused by sharp drops in flows to Angola and South Africa.

- Angola's oil industry experienced a pause in the dynamic growth of previous years, while mergers and acquisitions were less active in South Africa.
- Despite the decline, Angola was the leading FDI recipient in Sub-Saharan Africa in 2000, with inflows of **\$1.8 billion**. Nigeria and South Africa followed with **\$1 billion** and **\$877 million**, respectively.

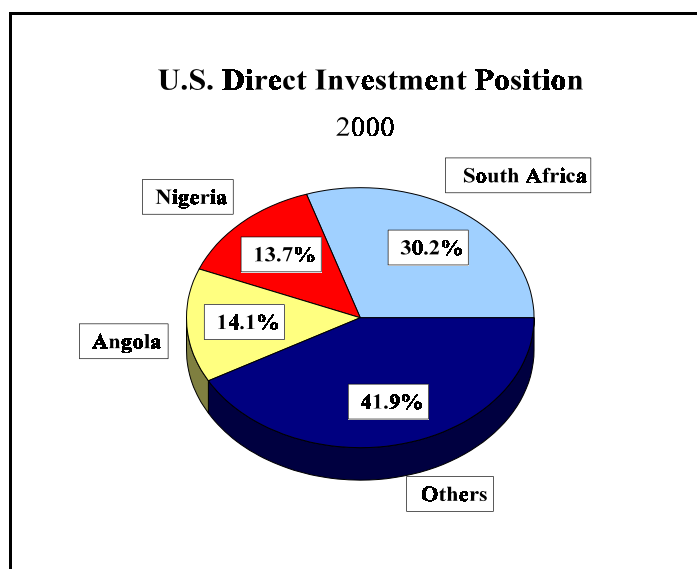
The United States was the leading supplier of FDI to Africa, with total flows of **\$7.6 billion** in the period 1994-98 (latest available). France and the United Kingdom ranked second and third, each with flows of **\$2.5 billion**.

At year-end 2000, the U.S. direct investment position<sup>2</sup> in Sub-Saharan Africa was **\$9.3 billion**, marginally lower than the position at year-end 1999, as a modest increase in Angola was offset by slight declines in South Africa and Nigeria. U.S. direct investment in the region is highly concentrated in those three countries.

- South Africa (**\$2.83 billion**), Angola (**\$1.32 billion**), and Nigeria (**\$1.28 billion**) combined to account for **58%** of the U.S. direct investment position in Sub-Saharan Africa.
- The U.S. position in Nigeria and Angola is heavily concentrated in the petroleum sector, while in South Africa it is largely in manufacturing.
- Sub-Saharan Africa accounts for less than **1%** of the U.S. direct investment position worldwide.

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<sup>2</sup> The U.S. direct investment position is the net book value (i.e., the historical value) of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates. A foreign affiliate is a foreign business enterprise in which a single U.S. investor owns at least 10 percent of the voting securities, or the equivalent.



Source: U.S. Dept. of Commerce

According to preliminary estimates of U.S. direct investment abroad in 1999 by the Department of Commerce Bureau of Economic Analysis, U.S. affiliated companies in Africa reported estimated total assets of nearly **\$42.6 billion**, including **\$14.9 billion** in South Africa and **\$7.4 billion** in Nigeria. U.S. affiliates in Africa had worldwide sales of nearly **\$27.2 billion**, and net income of **\$2.3 billion**.

U.S. direct investment in Africa supports U.S. trade with the region and fuels American industry. **\$926 million** of U.S. merchandise exports in 1999 were shipped to U.S. affiliates in Africa, including those in North Africa. The United States imported more than **\$1.8 billion** of goods from U.S. affiliates in Africa, mostly petroleum products.